

APPROVED: May 6, 2008

**CITY OF ALBANY
Joint Work Session
ARA Budget Committee and CARA Advisory Board
City Hall Willamette Room, 333 Broadalbin Street SW
Wednesday, April 16, 2008**

MINUTES

ARA Budget Committee and
CARA Members Present:

Chair Steve Terjeson, Bill Coburn, Colleen Keller, Wendy Kirbey, C. Jeffery Evans, Doug Moore, Dan Bedore, Jeff Christman, Floyd Collins, Bessie Johnson, Sharon Konopa, Dick Olsen, Ralph Reid, Jr., Loyd Henion, Oscar Hult, Gordon Kirbey, Ray Kopczynski, Chris Norman, Cordell Post

Absent:

Sue Folden, Kim Sass

Staff present:

City Manager Wes Hare, Finance Director Stewart Taylor, Urban Renewal Coordinator Kate Porsche, Administrative Assistant Teresa Nix

Others present:

Approximately three others in the audience

CALL TO ORDER

Chair Steve Terjeson called the meeting to order at 5:15 p.m.

SCHEDULED BUSINESS

Business from the Public

None.

Proposed FY2008-2009 Central Albany Revitalization Area (CARA) Budget Review

Urban Renewal Coordinator Kate Porsche briefly reviewed the CARA and CARA Debt Service budgets, distributed in packets. She invited questions.

Terjeson asked what the terms are on the line of credit. Finance Director Stewart Taylor said that he does not recall the exact interest rate on the line of credit; however, it is intended to be a short-term funding mechanism to make funding available for projects with the expectation that, as it is used up, it will be retired with bond revenue.

Sharon Konopa asked if the tax increment will continue to cover the debt service. Porsche called attention to the bond debt service principal and payments going forward, as outlined on page 5 of the distributed materials. She said that the bank would not allow the district to borrow more than it has tax increment to cover.

Terjeson noted that the debt service budget shows about \$1.1 million in property tax revenue. Porsche said that this is a conservative figure. Revenue is expected to increase annually as more projects are completed.

Floyd Collins asked what is generating the \$75,000 in interest revenue in the CARA budget. Porsche advised that this is a best guess of what the available funds will generate before they are distributed for projects. Stewart added that the estimated interest is based on the amount under *Reserve: CARA Projects* (Account #69018). Porsche clarified that most of the \$3.1 million under that reserve has been committed for projects. CARA has only about \$575,000 available based on the most recent two-year cash flow analysis.

Chris Norman asked what the reduction in anticipated expenditures for architectural assistance was based on. Porsche said she made her best guess based on the fact that George Crandall has already performed his work on the CARA Design Guidelines and that CARA has already committed much of its available funds for the coming year.

MOTION: Loyd Henion moved to accept the CARA and CARA Debt Service budgets as presented. Oscar Hult seconded the motion, and it **passed** unanimously.

Porsche advised that the budgets will be formally considered by the ARA Budget Committee on May 6, 2008.

BUSINESS FROM THE COMMITTEE

None.

NEXT MEETING DATE

The next meeting date is “to be announced.”

ADJOURNMENT

Hearing no further business, Chair Terjeson adjourned the meeting at 5:30 p.m.

Submitted by,

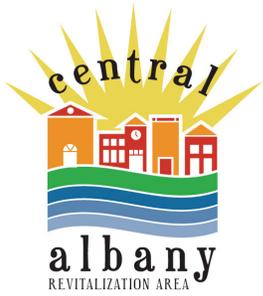
Reviewed by,

Signature on File

Signature on File

Teresa Nix
Administrative Assistant

Kate Porsche
Urban Renewal Coordinator



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CITY OF ALBANY
Work Session
ARA Budget Committee
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MINUTES

Budget Committee Present: Chair Steve Terjeson, Bill Coburn, Colleen Keller, Wendy Kirbey, C. Jeffery Evans, Doug Moore, Dan Bedore, Jeff Christman, Floyd Collins, Bessie Johnson, Sharon Konopa, Dick Olsen, Ralph Reid, Jr.

Absent: Susan Folden

Staff present: City Manager Wes Hare, Finance Director Stewart Taylor, Urban Renewal Coordinator Kate Porsche, Administrative Assistant Teresa Nix

Others present: Approximately three others in the audience

CALL TO ORDER

Chair Terjeson called the meeting to order at 5:31p.m.

SCHEDULED BUSINESS

Business from the Public

None.

Proposed FY 2008-2009 Oak Creek Urban Renewal Area (OCRA) Budget Review

Urban Renewal Coordinator Kate Porsche drew attention to the proposed OCRA and OCRA Debt Service budgets previously distributed. She said that this is the first year for these budgets for the new urban renewal district that was created to help facilitate projects related to the future Pepsi plant. She noted that the estimated tax increment and debt service amounts came directly from the urban renewal consultant. She invited questions.

Bessie Johnson asked for information on how the beginning balance was established. Finance Director Stewart Taylor said that the modification agreement with SVC included approximately \$200,000 for staff and consulting costs associated with the one-year incremental extension of the contract. An additional \$710,000 from the SVC agreement has been earmarked for the sewer reserve, recognizing that there are some fiscal health issues with the Sewer Fund and some big payments coming up for the reclamation facility. The beginning balance was arrived at by working back from what would have been expected in sewer revenue had the Pepsi plant come on line.

Sharon Konopa noted that the total debt service with the loan is estimated at \$400,000. Taylor said that staff anticipates receiving the final draft agreement of the loan with the state this week. The estimate anticipates the initial draw as well as the amount to reimburse funds that have been carrying costs thus far. In response to further inquiries from Konopa, Taylor explained that the first five years will be interest only payments with the remaining balance to be amortized over a 15-year schedule. That 15-year schedule will include the reserve.

Terjeson asked when a drawdown on the \$14.2 million loan will begin. Hare stated that, once the City takes the initial draw, the clock starts for the interest-only payments. The City wants to time the draw in order to maximize the value of its cash. The City is moving ahead on sewer, water, and assessments for the overpass and road project, but it is unlikely that construction will begin this calendar year.

Floyd Collins asked what effect the LUBA appeal will have on the establishment of the LID. Hare said the LUBA appeal is for the urban renewal district and does not affect the LID. He said that the results of the LUBA appeal will be known in ten days. An advantage of the delay in development is that there is time to fix any flaws. City Attorney Delapoer has indicated that he does not think there will be anything in a potential LUBA remand that the City would not be able to fix within the necessary timeframe.

Jeff Christman said that it is unclear why the debt service budget shows loan interest, but there are no loan proceeds shown. Taylor explained that the loan interest was included to give appropriation authority to draw on the loan in 2008. Hare added that, while it is not anticipated that the City will draw on the loan in 2008, it is a possibility depending on the timing of the right-of-way acquisition. This line item provides the flexibility to take a draw without the need for a supplemental budget. Taylor agreed to work with staff to identify the appropriate figure to add as revenue under loan proceeds.

Dick Olsen asked for information about the yearly payments to the City if SVC does not build. Hare said that the City received a payment of \$910,000 in February. If development does not go forward for the next two years, the City will receive additional payments in 2009 and 2010. In response to further inquiry from Olsen, Hare stated that he expects development to occur. If it does not occur, SVC will be liable for the overpass and additional costs laid out in the contract. The contract has been analyzed by City Attorney Delapoer, as well as an international law firm. Konopa asked if the City would have trouble making payments over the time it would take if SVC decided to challenge the contract in court. Hare said that the state of Oregon does not foreclose on loans of this type. The state is a party to the contract and is fully aware of the situation.

Staff noted that no formal action is required at this time. The ARA Budget Committee will formally consider the OCRA and OCRA Debt Service budgets on May 6, 2008.

BUSINESS FROM THE COMMITTEE

None.

NEXT MEETING DATE

The next meeting date is "to be announced."

ADJOURNMENT

Hearing no further business, Chair Terjeson adjourned the meeting at 5:55 p.m.

Submitted by,

Reviewed by,

Signature on File

Signature on File

Teresa Nix
Administrative Assistant

Kate Porsche
Urban Renewal Coordinator